# LOK SABHA

*Friday, December 20, 1996/Agrahayana 29, 1918 (Saka)*

*(The Lok Sabha met at Eleven of the Clock)*

[MR. SPEAKER *in the Chair*]

## ORAL ANSWERS TO QUESTIONS

*[English]*

### Tyre Corporation of India

*421. SHRIMATI GEETA MUKHERJEE : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Ministry of Industry's representatives were present in the meetings of BIFR when it senctioned the Rehabilitation Scheme of Tyre Corporation of India but they raised no objection;

(b) if so, why the Government after waiting a lot of time suddenly went for an appeal;

(c) whether this move of the Government is likely to seriously jeopardise the rehabilitation scheme endangering the fate of thousands of workers; and

(d) if so, the remedial steps Government propose to take in regard thereto?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) to (d). A Statement is laid on the Table of the House.

### STATEMENT

(a) No, Sir. During the BIFR hearing held on 20.12.1995, it had been specifically stated by Department of Heavy Industry's representative that it would be necessary to obtain the approval of the Cabinet Committee for provision of additional equity of Rs. 19.41 crores, financial restructuring of liabilities and providing interest free bridge loan of Rs. 15 crores etc. and time was sought for this purpose.

(b) Since BIFR sanctioned the final revival scheme without obtaining consent of Government and as the final scheme was not in confermity with the views conveyed by the Govenment on the earlier draft scheme, an appeal was filed on 4.4.1996 before Appellate Authority on Industrial and Financial Reconstruction (AAIFR) who have since stayed the operation of BIFR's order dated 15.2.1996.

(c) No, Sir.

(d) The final decision of AAIFR is awaited.

SHRIMATI GEETA MUKHERJEE : Sir, I read the statement which was laid on the Table of the House. In reality, the Government say that they raised certain points excepting that they wanted time. The only thing that they said was that they would seek the permission of the Cabinet. But the BIFR has said at that very time that it is the Ministry of Industry which has sent the proposal and not the BIFR. Therefore, getting the Cabinet approval was the Ministry's own thing. The BIFR, despite that after considering that it was the Ministry's own proposal, gave them time. It is not clear how he can now say that they wanted this from the BIFR that the Cabinet's approval has to be taken, etc. despite the answer of the BIFR to this effect.

SHRI MURASOLI MARAN : Sir, I share the anxiety of the hon. Member. Yes, there is a problem in the Tyre Corporation of India, but it has not happened yesterday. It has been there before the BIFR, since 1992. An alternate scheme was prepared by the company and our Department. They simply forwarded it. It is not of their own creation. So, what they did was they wanted some more time for the consideration of the appropriate authority, that is, the Cabinet Committee on Economic Affairs. That is what has happened. Nothing more, nothing less.

SHRIMATI GEETA MUKHERJEE : Two month's time was given and that was agreed upon by the Ministry's people. Despite that, when they did not do it within that time, only then the BIFR actually sanctioned the scheme. If this is so, and what the hon. Minister said also is true, how is it that the Government again went to the meeting of the BIFR on 12.11.96? Then, they again wanted time up to January, 1997. But before January, 1997, they went to the Appellate Authority on Industrial and Financial Reconstruction (AAIFR). How is it? Is it not a unique case to show that it is being avoided? How will this go on?

SHRI MURASOLI MARAN : I am sorry for what has happened. After the new Government has come into being - the hon. lady Member should remember that she is also a part of the Government - her party is also a part of the Government!

Sir, the Marxist friends are the supporters of our Government from outside.

SHRIMATI GEETA MUKHERJEE : We are the Party of the Union also. I was in the BIFR.

SHRI MURASOLI MARAN : So, there is no doubt about it. We have taken up the scheme at the highest level. It is under consideration. We do not say no'. So, I give an assurance that this will be examined.

SHRI NIRMAL KANTI CHATTERJEE : Sir, we are happy that this is being examined. He shares the grief. That is also commendable.

MR. SPEAKER : After this there is no necessity to ask a question.

SHRI NIRMAL KANTI CHATTERJEE : Sir, the problem is not of sharing of grief but the problem is

sharing of funds. The Finance Minister is also here. This situation is continuing for the last three years. We know that there is a change of Government. But the expeditious way in which the Government should have functioned has not functioned. I know that there are certain lines of production both at the national level and also at the international level. There are certain other levels of production which are not efficient. The operating agency had formulated the plan. So, I want to know by which time you propose to execute your sympathetic decision.

SHRI MURASOLI MARAN : Sir, the alternate scheme is not acceptable to the Government. I do not think that any Government will accept it. I do not think that even the Marxist Government of West Bengal will accept it. It is because the additional cash loss during the implementation period would be met by the promoters by bringing in additional interest-free funds. So, it is an open-ended policy. What is the amount we are going to seek and how much we are going to get are not specified. It is very vague to say that whatever may be the loss, the Government of India should provide the amount during the implementation period without charging any interest. I think that no Government will entertain this idea. What we want is that they should quantify the amount.

SHRI NIRMAL KANTI CHATTERJEE : Sir, that is already quantified. Their period of rehabilitation is five years. They have completed that period. Sir, you know all these things much more than I do. Within a period of five years, they are saying that they will make the unit profitable. That is their scheme. Of course that is part of their initial advance of the money.

MR. SPEAKER : Unfortunatelly, I cannot allow your second supplementary!

SHRI NIRNAL KANTI CHATTERJEE : I want you to ask the supplementary!

SHRI BASU DEB ACHARIA : Sir, as a former Labour Minister you have got sufficient experience as to how a delay in taking a decision by the Government results in losses to the companies. When the BIFR finalised the scheme and recommended for revival, they gave time also to the Government of India. The Government of India has to implement the scheme by 15th January. When the BIFR decided about the viability of the scheme in regard to revival of a public sector undertaking, the Governemnt of India had failed to give the promoter of the company, and as a result of that, winding up notices were being issued. A glaring example, Sir, as you know, is of MAMC. It is a very important industry of West Bengal.

May I know from the hon. Minister whether the Government will take a decision by 15th January about the implementation of this scheme sanctioned by the BIFR in regard to the Tyre Corporation of India Limited?

SHRI MURASOLI MARAN : Sir, the alternate scheme sanctioned by the BIFR has full of infirmities. I have quoted one example. If they want I can quote another example also. They said that the land should be sold. We agreed. But they have assumed that the amount proposed sale should be supplied by the Government of India. How will the Government of India accept that? If we accept that scheme, the NTC will say that they have got a Rs. 2,000 crore plan. They will ask the Government to take away the land and advance Rs. 2,000 crore. They will go to the Finance Minister. It is not simply acceptable. But what we sugget is this, let us sell the land. Let us have the plan. Let us ask the West Bengal Housing Board or HUDCO to take over the land. Let us formulate a scheme. Let us get the money. That is what we are suggesting. So, naturally, it will take time. As the hon. Member knows, in our system of Governance, if you want to impose President's rule and if you want to dismiss a State Government, just a report from the Governor is enough. Without that also, you can do away with the Government.

SHRI PRAMOD MAHAJAN : This is what is happening in UP.

SHRI MURASOLI MARAN : But if you want to revive an industry, which will give job to thousands of workers, it takes time.

SHRI BASU DEB ACHARIA : How much time do you want, two years or three years?

SHRI NIRMAL KANTI CHATTERJEE : By which time are you going to do it?

SHRI MURASOLI MARAN : Inter Ministerial discussions are taking place. Once it was taken to the highest forum, it was deferred. We are discussing it. The hon. Member, who asked the question, is a partner of the Government. Hon. Shri Nirmal Chatterjee is the Chairman of the Union and the Congress Members are also supporting it in West Bengal. So, I do not want to be negative. To put an end to this discussion ...*(Interruptions)*

MR. SPEAKER : Do you expect my support also on this issue?

SHRI MURASOLI MARAN : We have proposed to release Rs. 4 crore from the Crucial Balancing Fund available with this Department for restarting operations of the Kangra unit. We have got the concurrence of the Planning Commission also. We will release the amount very soon so that this unit is started as early as possible. I think this will satisfy the hon. Member.

SHRIMATI GEETA MUKHERJEE : The appeal also should be withdrawn.

SHRI MURASOLI MARAN : No, it is there.

SHRI BASU DEB ACHARIA : Why?

SHRI MURASOLI MARAN : It is there because of some procedural requirement.